

AMENDED IN SENATE MAY 2, 2007
AMENDED IN SENATE APRIL 16, 2007

SENATE BILL

No. 451

Introduced by Senator Kehoe

February 21, 2007

An act to add Chapter 8 (commencing with Section 2840) to Part 2 of Division 1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 451, as amended, Kehoe. Energy: governmental energy producers.

Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities. Existing law permits a private energy producer to generate electricity not generated from conventional sources, as defined, solely for its own use or the use of its tenants, or to or for any electrical corporation, state agency, city, county, district, or an association thereof, but not the public, without becoming a public utility subject to the general jurisdiction of the commission. Existing law requires the commission to review the charges paid by electrical corporations to private energy producers for that electricity and related standby and transmission charges and, after the review, to adjust those charges to encourage the generation of electricity from other than conventional power sources. Existing law authorizes the City of Davis to receive a bill credit, as defined, to a benefiting account, as defined, for electricity supplied to the electric grid by a photovoltaic facility located within and partially owned by the city and requires the commission to adopt a rate tariff for the benefiting account.

This bill would authorize a city, county, city and county, or joint powers agency formed by a city, county, or city and county to receive a bill credit, as defined, to a benefiting account, as defined, for electricity

supplied to the electric grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the benefiting account.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because the provisions of this bill would require an order or other action of the commission to implement and a violation of that order or action would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 8 (commencing with Section 2840) is
2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

3
4 CHAPTER 8. GOVERNMENTAL ENERGY PRODUCERS
5

6 2840. (a) As used in this section, the following terms have the
7 following meanings:

8 (1) "Benefiting account" means an electricity account, or more
9 than one account, mutually agreed upon by a governmental entity
10 and an electrical corporation.

11 (2) "Bill credit" means credits calculated based upon the
12 electricity generation component of the rate schedule applicable
13 to a benefiting account, as applied to the quantities of electricity
14 generated by an eligible renewable generating facility.

15 (3) "Eligible renewable generating facility" means a generation
16 facility that is an eligible renewable energy resource pursuant to
17 the California Renewables Portfolio Standard Program that is
18 owned or operated by a city, county, city and county, or joint
19 powers agency formed by a city, county, or city and county.

20 (4) "Environmental attributes" associated with an eligible
21 renewable generating facility include, but are not limited to, the

1 credits, benefits, emissions reductions, environmental air quality
2 credits, and emissions reduction credits, offsets, and allowances,
3 however entitled resulting from the avoidance of the emission of
4 any gas, chemical, or other substance attributable to the eligible
5 renewable generating facility.

6 (b) A city, county, city and county, or joint powers agency
7 formed by a city, county, or city and county may elect to designate
8 a benefiting account, or more than one account, to receive bill
9 credit for the electricity generated by an eligible renewable
10 generating facility, if all of the following conditions are met:

11 (1) A benefiting account receives service under a time-of-use
12 rate schedule.

13 (2) *The benefiting account is the responsibility of the same city,*
14 *county, city and county, or joint powers agency that owns the*
15 *eligible renewable generating facility.*

16 ~~(2)~~

17 (3) The electrical output of the eligible renewable generating
18 facility is metered for time of use to allow allocation of each bill
19 credit to correspond to the time-of-use period of a benefiting
20 account.

21 ~~(3)~~

22 (4) All costs associated with the metering requirements of
23 paragraphs (1) and ~~(2)~~ (3) are the responsibility of the city, county,
24 city and county, or joint powers agency formed by a city, county,
25 or city and county.

26 ~~(4)~~

27 (5) All electricity delivered to the electrical grid by the eligible
28 renewable generating facility is the property of the electrical
29 corporation that provides for interconnection.

30 ~~(5)~~

31 (6) The city, county, city and county, or joint powers agency
32 formed by a city, county, or city and county does not sell electricity
33 delivered to the electrical grid to a third party.

34 ~~(6)~~

35 (7) The right, title, and interest in the environmental attributes
36 associated with the electricity delivered to the electrical grid by
37 the eligible renewable generating facility are the property of the
38 electrical corporation.

39 (c) A benefiting account shall be billed on a monthly basis, as
40 follows:

(1) For all electricity usage, the rate schedule applicable to the benefiting account shall be the rate schedule of the benefiting account, including any cost-recovery surcharge or other cost recovery mechanism, as determined by the commission, to reimburse the Department of Water Resources for purchases of electricity, pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(2) The rate schedule for the benefiting account shall also provide credit for the generation component of the time-of-use rates for the electricity generated by the eligible renewable generating facility that is delivered to the electrical grid. The generation component credited to the benefiting account may not include the cost-responsibility surcharge or other cost recovery mechanism, as determined by the commission, to reimburse the Department of Water Resources for purchases of electricity, pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(3) If in any billing cycle, the charge pursuant to paragraph (1) for electricity usage exceeds the billing credit pursuant to paragraph (2), the city, county, city and county, or joint powers agency formed by a city, county, or city and county shall be charged for the difference.

(4) If in any billing cycle, the billing credit pursuant to paragraph (2) exceeds the charge for electricity usage pursuant to paragraph (1), the difference shall be carried forward as a credit to the next billing cycle.

(5) After the electricity usage charge pursuant to paragraph (1) and the credit pursuant to paragraph (2) are determined for the last billing cycle of a calendar year, any remaining credit resulting from the application of this section shall be reset to zero.

(d) Not more frequently than once per year, and upon providing the electrical corporation with a minimum of 60 days' notice, the city, county, city and county, or joint powers agency formed by a city, county, or city and county may elect to change a benefiting account. Any credit resulting from the application of this section earned prior to the change in a benefiting account that has not been used as of the date of the change in the benefit account, shall be applied, and may only be applied, to a benefiting account as changed.

(e) A city, county, city and county, or joint powers agency formed by a city, county, or city and county shall provide the electrical corporation to which the eligible renewable generating facility will be interconnected with not less than 60 days' notice prior to the eligible renewable generating facility becoming operational. The electrical corporation shall file an advice letter with the commission, that complies with this section, not later than 30 days after receipt of the notice, proposing a rate tariff for a benefiting account. The commission, within 30 days of the date of filing, shall approve the proposed tariff, or specify conforming changes to be made by the electrical corporation to be filed in a new advice letter.

(f) The city, county, city and county, or joint powers agency formed by a city, county, or city and county may terminate its election pursuant to subdivision (b), upon providing the electrical corporation with a minimum of 60 days' notice. Should the city, county, city and county, or joint powers agency formed by a city, county, or city and county sell its interest in the eligible renewable generating facility, or sell the electricity generated by the eligible renewable generating facility, in a manner other than required by this section, upon the date of either event, and the earliest date if both events occur, no further bill credit pursuant to paragraph-(2) (3) of subdivision (b) may be earned. Only credit earned prior to that date shall be made to a benefiting account.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.